



WEIM Body of State Regulators Monthly Meeting

Thad Levar
Woori Lee

Teleconference
April 8, 2022

Agenda

- Welcome
Thad LeVar, Chair, Body of State Regulators
- Governance Review Committee Updates
Letha Tawney, Commissioner, Oregon Public Utility Commission
- EDAM Updates
Woori Lee, Wholesale Electricity Market Analyst, WIEB
Phil Pettingill, Director, Regional Integration, CAISO

Letha Tawney, *Commissioner*
Oregon Public Utility Commission

Woori Lee, *Wholesale Electricity Market Analyst*

Western Interstate Energy Board

Phil Pettingill, *Director, Regional Integration*

California Independent System Operator

Working Group 1

Supply commitment and Resource Sufficiency Evaluation

Woori Lee, *Wholesale Electricity Market Analyst*, WIEB

RS Design Topics

1

Components

- Capacity test
- Daily energy & start limitations
- Ramping capability
- Timing requirements
- Confidence in EDAM Transfers

2

Failure consequences

- Freezing of incremental transfers
- Consideration of financial consequences
- Priorities for constraint relaxation

3

Resource requirements

- Treatment of VERs
- Imports from non-EDAM BAAs
- Counting of storage resources
- Demand response treatment
- Other Resource Constraints

4

Others

- Demand forecast
- Common AS or reserve rules
- RUC and Convergence bidding Overview

EDAM RSE Principles

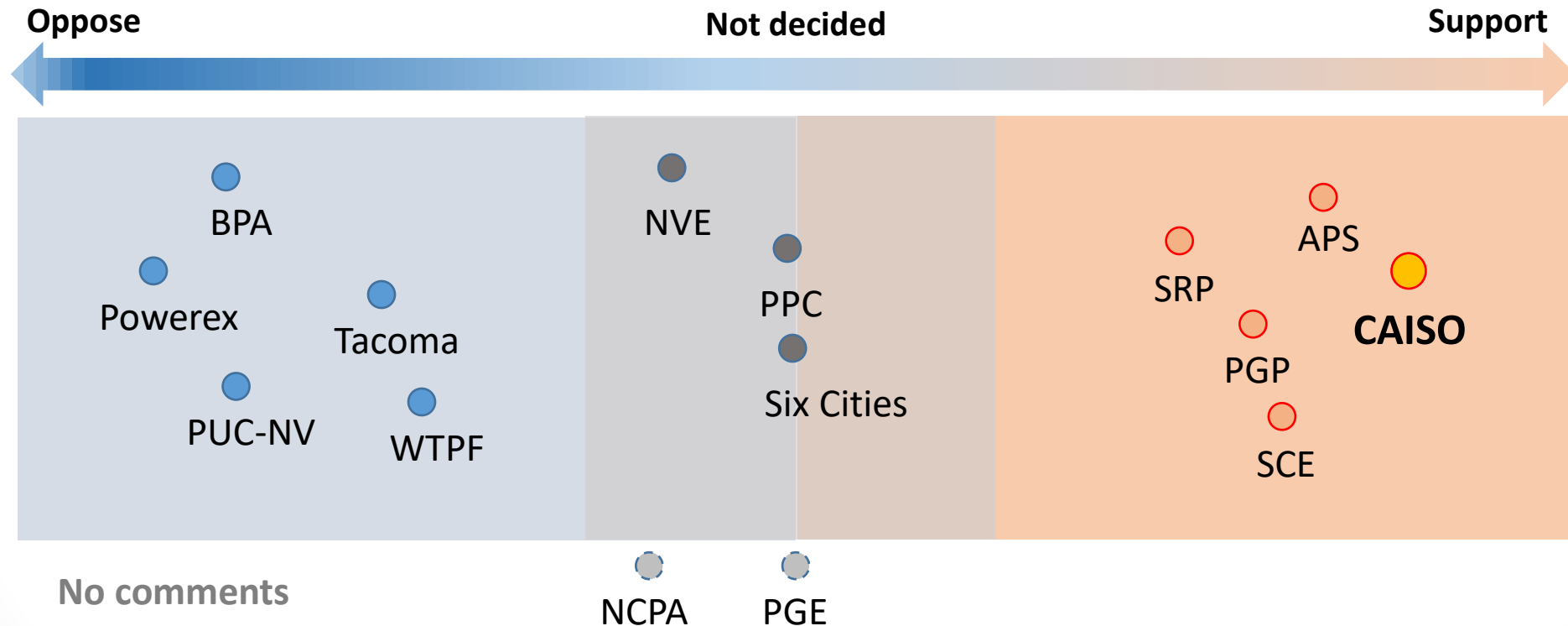
- An RSE ensures EDAM entities submit physical schedules and bids with **sufficient capacity** and **ramp capability** to meet its reliability requirements.
- EDAM participation **should not modify state/local control** or other aspects of long-term capacity, **resource adequacy** or **integrated resource planning**.
- The RSE should be **transparent and applied equally** across all EDAM entities.
- Failure consequences should be incentive-based to ensure EDAM transfer feasibility and **prevent leaning among EDAM entities**.
- EDAM transfers are considered firm and reliable under different conditions

- **Is CAISO's existing day-ahead market operations appropriate to EDAM?**
 - a) Extending the CAISO's existing day-ahead market
 - Including residual unit commitment (RUC) and convergence bidding (CB)
 - b) Newly developed market for benefiting entire EDAM Entities

Stakeholders Sentiment

- Is CAISO's existing day-ahead market operations appropriate to EDAM?

[Stakeholder's informal comments]



Stakeholders Comments

Oppose

EDAM cannot simply be an extension of the CAISO's existing market design. More discussion should be followed to see clearly if the existing market operation is needed.

"Integrating IFM and RUC into a single market runs is optimal."

- BPA, Tacoma, Powerex –

"Exiting market operation will lead to EDAM where the value of firm physical supply will be the same as that of non-firm or virtual supply."

- Powerex-

Vs.

Support

The day-ahead market operations for the CAISO and EDAM Entities need to be consistent.

"It may be inefficient to have CAISO operate under one paradigm and EDAM entities under another."

- APS -

"As long as there is a potential for demand cleared by the market to be different than the demand forecast, a RUC-like process is necessary."

- PGP -

Working Group 2

Transmission Commitment and Congestion Rents Allocation

Woori Lee, *Wholesale Electricity Market Analyst*, WIEB

Transmission Design Topics

1

Availability

- Quality of transmission
- Modeling energy transfers and exports
- Existing transmission uses
- Risks

2

Timing and duration

- Timing of availability
- Duration of availability
- Assessing impact to WEIM

3

Compensation

- For Buckets 2 and 3:
 - What rate/fee is conveyed
 - How are rates/fees conveyed
 - Settlement implications

4

Congestion Rent Allocation

- Allocation of rents supporting EDAM transfers
- Allocation of rents for internal transmission
- Process for allocation of rents and distribution

Guiding Principles

- Enable maximum amount of transmission made available to EDAM while **respecting the existing OATT framework and contractual commitments.**
- Transmission would be made available in accordance with **three “buckets”.**
- Ensure appropriate transmission compensation framework.¹⁾
- To encourage EDAM participation, EDAM entities must have confidence that the **day-ahead award transfer is firm and can be relied upon.**

1) EIM Entities presentation on transmission elements of EDAM Design, Feb 2020

Emerging Framework Design

- Transmission internal to an EDAM BAA is available to support optimized commitment of generation in DA market.
 - Transmission customers can exercise their existing rights (contracts) and market will accommodate.
- Transmission at interfaces between EDAM BAAs can support robust EDAM transfers under “buckets” concept.

Bucket 1

- Supports delivery of RSE capacity
- No hurdle rate, eligible for congestion rent

Bucket 2

- Voluntarily made available
- Eligible for congestion rent
- **Consideration of “unscheduled” rights availability**

Bucket 3

- Unsold, unreserved, Firm ATC
- Made available by Transmission Provider
- Apply hurdle rate

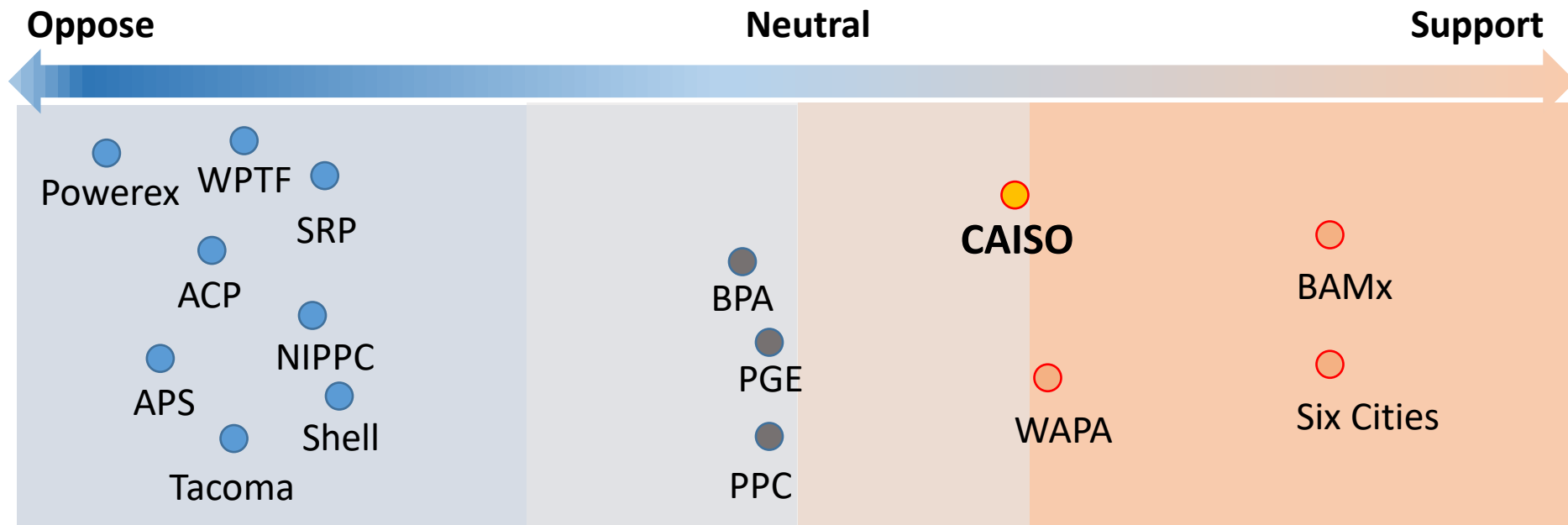
Discussion Topics

- **Should unscheduled point-to-point transmission (Bucket 2) be donated to EDAM for optimization of transfers?**

Stakeholders Sentiment

- Should unscheduled point-to-point transmission be donated to EDAM for optimization of transfers?

[Stakeholder's informal comments]



Stakeholders Comments

Oppose

Transmission right holders, who have paid for the transmission service, should elect to offer their transmission rights.

“Additional discussion on compensation and allocation of uplift costs needs further discussion”.
-PPC-

“EDAM’s use of unscheduled PTP rights would be the equivalent of scheduling on secondary non-firm rights.”

-Powerex-

Vs.

Support

Use of unscheduled PTP transmission enables maximum transmission available in the EDAM.

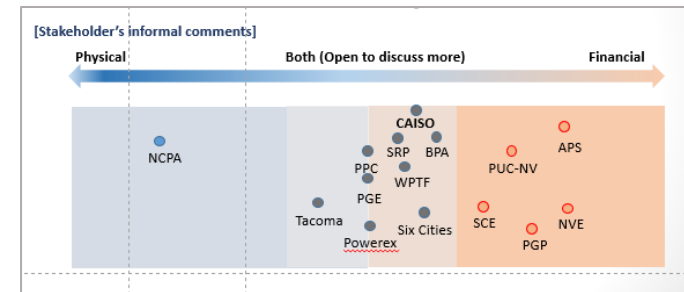
“Given that the unscheduled transmission would otherwise be released in real-time anyway, including it in the day-ahead optimization is appropriate.”

-BAMx-

Further Discussion

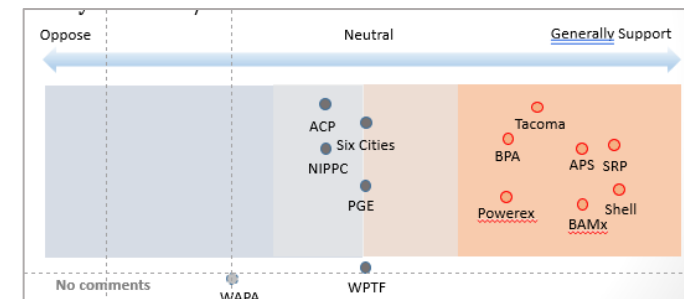
- **WG1) What should be the nature of RSE failure consequences?**

- Physical freezing transfers
- Financial consequences
 - Progressive consequences



- **WG2) Transmission compensation framework**

- How should transfer revenue between EDAM BAAs be allocated?
- How should transfer revenue be allocated within a BAA?



Working Group 3

Green House Gas Accounting and Costs

Phil Pettingill, *Director, Regional Integration, CAISO*

Next Steps

- April 25: CAISO publish straw proposal
- May 2: Spring 2022 WEIM-BOSR Meeting in San Diego
- May 15: Stakeholder meeting on straw proposal
- May 30: Stakeholder comments due

Information or Questions

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